

## DEFENSE BUSINESS BOARD



# Innovative Culture, Part II: Virtual Consultancies – Engaging Talent

January 21, 2016

*These are the final briefing slides as approved by the Defense Business Board in its public meeting held on January 21, 2016.*

# Agenda

- **Task Group**
- **Key Observations**
- **Findings, Examples, and Recommendations**
- **Final Thoughts**



# Key Definitions (in context)

- **Consult:** “Seek information or advice from [someone with expertise in an area]”
- **Consultancy:** “The work of giving professional advice within a particular field”
- **Ideation:** “The formation of ideas or concepts”
- **Ideator:** “A person who creates productive ideas, a conceptualist; a person that processes and passes on their ideas and inventions to others; a solutions person, problem solver”
- **Facilitate:** “Make [an action or process] easy or easier”
- **Innovation (Task Force-defined):**
  - “Application of ideas to challenges and opportunities within the DoD in such a way as to deliver greater productivity, benefit, and mission success”

# Task Group

## Terms of Reference (TOR)

- Innovative Culture, Part I reported in July 2015
  - Worked to facilitate innovative thought by improving consultancies *outside* DoD
  - Recommended expansion of executive training programs and external fellowships, primarily for senior levels within DoD (O-6 / GS-15 and above)
- **Creating Virtual Consultancies: Engaging Talent** (Innovative Culture, Part II)
  - Aims to facilitate and capitalize on the vast capacity for internal consultancy *within* the DoD workforce
  - Considers how to best link the ideation / problem solving capacity of a younger generation with more seasoned decision-makers who can effect real change

“The DBB should review and make recommendations on options for the DoD to engage...its [workforce]...and inspire participation by any who can materially improve problem solving in the Department.”

- *Virtual Consultancies TOR, signed 31 Jul 15*

# Task Group

- DoD admires and competes for talent with an industry model that values – and makes effective use of – young, fresh, innovative voices
- With a huge uniformed workforce under the age of 25 committed, engaged, and excited to contribute, its raw material is uniquely well-suited to mirroring that model
- Yet the Department faces real challenges to doing so...primarily in the form of its massive, rigid bureaucracy
- Nurturing innovation through virtual consultancies:
  - Starts to link the energy / ideation of a younger generation with senior leadership
  - Builds thought-capacity within the Department; harnesses the “crowd” that already exists
  - Improves the attractiveness of service and retention
  - Saves money and time (vs. searching for answers externally)
  - Can produce actionable insight and solutions to real Defense issues

# Task Group

## Problem Statement and Process

The Department of Defense has a number of organic innovation efforts underway which use tools like online collaboration and interest-driven networking. These forums serve as a mechanism to engage the DoD workforce in innovation by soliciting ideas and engaging in problem solving, irrespective of rank and service.

What can the Department do to further engage its workforce and enhance innovation through internal virtual consultancies?

- **To fully explore this, the Task Group worked to:**

- Understand the existing innovation landscape and environment within DoD
- Understand best-practices / schools of thought both within DoD and at corporations
- Parse elements of successful programs / efforts in the context of DoD culture
- Formulate findings and recommendations

## Task Group Members

- Mr. Atul Vashistha (Chair)
- Ms. Shelly Lazarus
- Mr. William Swanson
- Lt Col Lisa Mabbutt (DBB staff)



# Task Group

## Research and Interviews

- 20+ papers, articles, and books
- USD P&R's Force of the Future / Defense Innovation Network
- Navy Innovation Network
- Chief of Naval Operations' Rapid Improvement Cell (CRIC)
- Navy's Blackbeard initiative (U.S. Fleet Cyber Command)
- Air Force's Every Dollar Counts / Airmen Powered By Innovation
- Air Force's Office of Transformational Innovation
- Air University
- Air Force Office of Strategic Deterrence and Nuclear Integration
- Center for Strategic & International Studies (CSIS)'s Joint Service Innovation Discussion
- Joint Staff J5's Team Evergreen
- SOCOM's Ghost Program



# Task Group

## Research and Interviews (con't)

- RedOwl Analytics
- Raytheon
- United HealthCare
- PepsiCo
- KPMG
- GE
- NASA
- Accenture
- WikiStrat
- Google
- Ogilvy & Mather
- Defense Entrepreneurs Forum
- Harvard Business School

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# Key Observations – Industry

- **In general, industry defined “innovation” similarly across the board**
  - Application of *ideas* to *challenges* and *opportunities* in such a way as to deliver greater productivity; benefit to the company or customer; and ultimately, mission success
- **Interviewed companies pursued innovation in myriad ways, but successful company-wide efforts incorporated elements addressing:**
  - **People:** Inspiring, recognizing and incentivizing the workforce to ideate and problem-solve
  - **Culture:** Backing intent with sponsorship, policy, action, rewards and recognition so that change was institutionalized – not just a “flash in the pan”
  - **Process** and program structure: Providing guidance, facilitation, training and frameworks to guide and enable meaningful contribution
  - **Tools:** Platforms, networks and resources to ensure a responsive virtual consultancy – timely analysis, feedback loops, and execution / implementation

Successful industry efforts institutionalize innovation, workforce engagement, and models like virtual consultancy into company culture.

Institutionalize: “To establish a practice or activity as a convention or norm in an organization or culture.”

# Key Observations – Industry

- **Companies cited the following factors about culture:**
  - Clear mission directive and visible sponsorship from top leadership
  - Appropriate measurement of outcomes, follow-up, and accountability
  - Visible celebration of innovation (wins *and* near misses / smart failure)
  - Unquestioned freedom without fear to contribute from bottom-up
  - Aggressive removal of inhibitors (people and policies)
  - Visible positive impact on careers – recognition and incentives for desired behaviors

To institutionalize **CULTURE**, it was crucial to:

- Define the company-wide expectation
  - Hold leaders accountable
  - Aggressively remove barriers
- Spotlight success early and often (including smart failure)
- Cement the value of contribution in career consideration

To build trust, senior leaders needed to be present, visible, actively engaged...  
and storytelling – showcasing desired behaviors – was vital.

# Key Observations – Industry

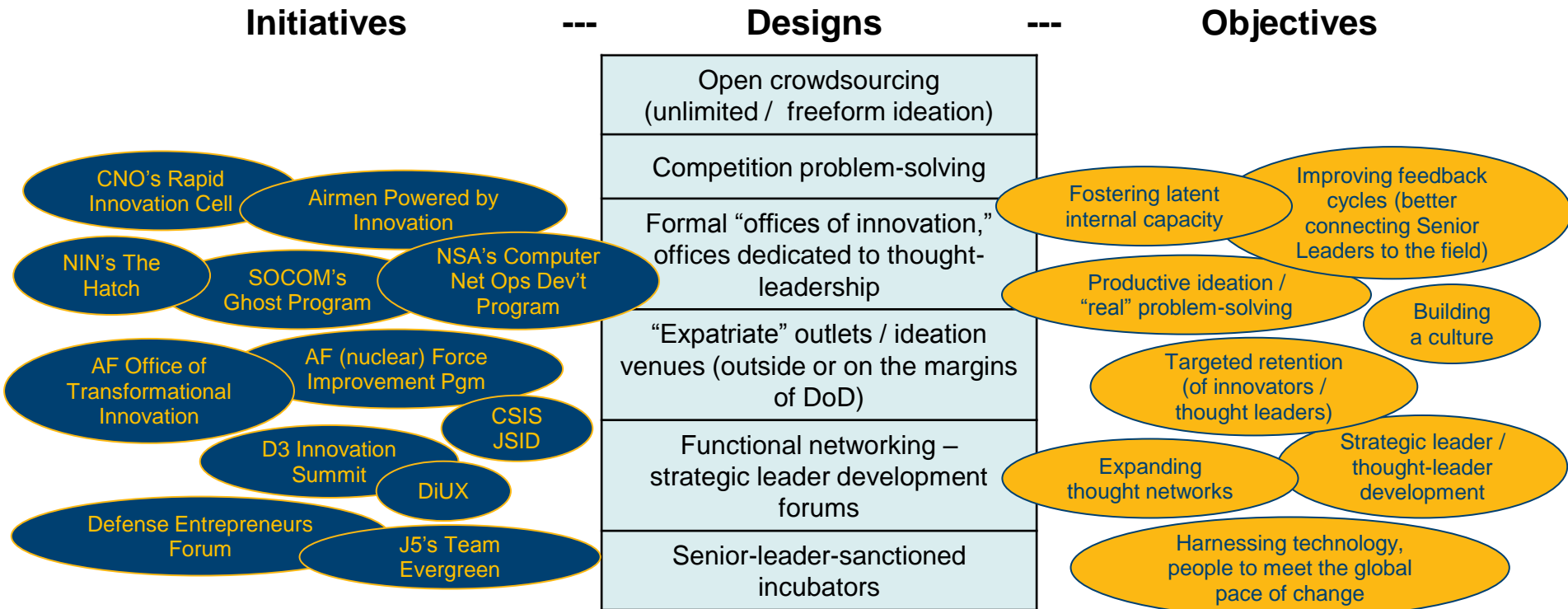
- **Companies cited the following factors about process and tools:**
  - Sustained investment necessary in the right platforms, tools, and facilitators to enable innovation through virtual consultancy
    - Training, coaching, and mentoring programs
    - Access to a toolbox of lessons-learned, tried-and-true processes, procedures, programs
    - Appropriate process facilitation: framing, shaping, connecting threads
    - A robust virtual crowd for widespread consultancy
    - Follow-up / follow-through by leaders, coaches, subject matter experts, decision-makers
    - Movement to implementation and scaling (where appropriate)
    - Sharing of best practices

Industry found that in order to make the culture stick, **PROCESSES** and **TOOLS** had to be integrated in a systems approach.

Building an innovative culture with a robust virtual consultancy took leadership commitment, sustained effort, and resources.

# Key Observations – DoD

- The Task Group observed many different efforts already underway within and associated with DoD ...and received anecdotal evidence of many more
  - Full spectrum of designs and objectives in Services, functional communities
  - Many have been / are successful, with thoughtful evolutionary growth



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# Key Observations – DoD

- **DoD observations largely reflect lessons-learned in industry**
- **In general, leaders noted:**
  - That **people** want to contribute, but are concerned about negative career impact
  - Changing Defense / bureaucratic **culture** is difficult without certain supports in place
    - Chain of Command vs. freedom to contribute...valuation of the “junior” voice
    - Change seen as personality-based vs. institutional (and therefore not enduring)
  - **Process** design is variable (based on objectives), but *having a process* is vital
    - Members must know how to engage
    - Where ideas aren’t heard or meaningful feedback not given quickly, momentum dies
  - Effective, efficient **tools** can make or break an innovation effort
    - Training – early / often / for all! Innovation is not the sole purview of the young *or* senior leadership
    - A facilitating entity
    - The resources and technological underpinnings to make a virtual consultancy work

In DoD, leaders (and their focus areas) are temporary...

...lack of formal career consideration and programmatic support lent to the perception that an innovation focus and the value of internal virtual consultancies were temporary as well.

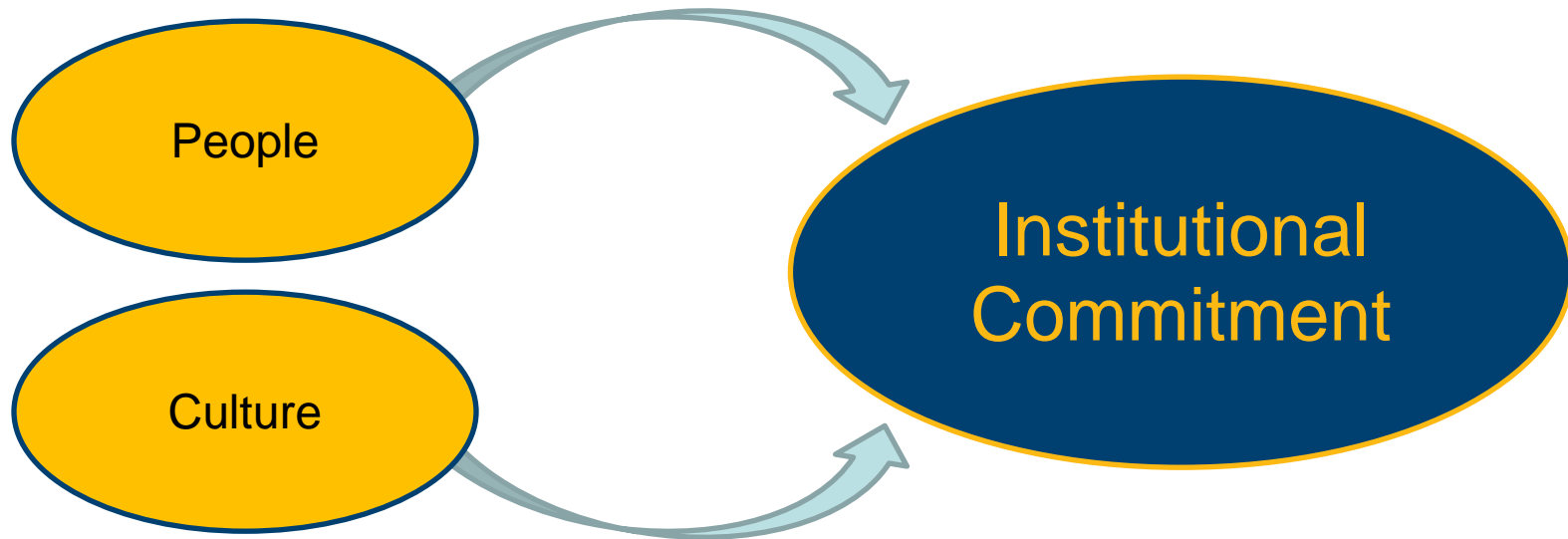
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# Finding: Commit

**FINDING:** The Task Group finds that DoD leaders have been clear about their support for innovation generally, but have yet to provide a forcing function for institutional / cultural change.



To inspire participation and support throughout the force, the Department must signal to the entire workforce that “innovation” is not a passing trend, but an institutional mandate with behavioral expectations, valued and measurable outcomes, and career impact.



# Examples: Commit

## Example 1: Industry

- Re-tooled from the top-down:
  - Re-wrote company core principles to make innovation, problem-solving, collaboration, production expected at every level; followed with a set of “core beliefs” as an actionable signal to entire company
  - Teamed senior leadership, human resources, and business innovation group; resourced from all angles to permeate as quickly as possible: Hiring, training, promotions, executive sponsorship

## Example 2: DoD (functional entity within a Service)

- Recognized entrenched cultural norms and behaviors; needed to effect fast change
- Re-tooled from the top-down:
  - Issued a series of directive memos to the field, providing new behavioral norms that were clear and actionable for workforce and leadership alike
  - Followed by aggressively soliciting input from junior members in the field, building cross-functional networks, and taking action quickly and transparently to demonstrate commitment

## Example 3: DoD (Service initiative)

- Junior officer given the opportunity to “pitch” senior Service leadership; gained high-level sponsorship, funding, and access to develop and test an idea
  - Idea turned out to have major strategic value...
  - Sustained personal commitment from Service Chief, deputies (in word and deed) enabled project to come to fruition across organizational lines, despite young, “disruptive” origin

# Examples: **Commit**

## Example 4: DoD affiliate

- Forum sponsored by DoD-affiliated think tank, led by Army Reserve Major
- Draws junior military officers from all Services together for multi-day quarterly workshops matching top defense policy leaders (and issues) with sharp, junior-leader perspectives
- Fosters leader and strategic-thought development, networking; provides fresh viewpoints

## Example 5: DoD (Service initiative)

- Personally sponsored by Service Chief; resourced and well-facilitated
- Pulls junior officers from career field based on demonstrated capacity for “disruptive thought” ...allows 2-3 years of work to test, implement ideas to improve the Service
- Has advanced innovations like 3-D printing, “Linked-In”-style personnel detailing

Yet meaningful engagement in such initiatives, as well as internships and other experiences that bring value, breadth, and fresh ideas to the force, is valued significantly less than operational experience...

### **“You’re killing me, Lieutenant”**

- GEN Mark Milley, Chief of Staff of the Army, after hearing from fellow panelist LT Joseph Riley at the 2015 Regan Defense Forum that the LT had not been selected for promotion due to 2 years at Oxford as a Rhodes Scholar (vs. spending that time in the field)

# Recommendations: **Commit**

## RECOMMENDATION 1:

- **To begin to institutionalize innovation in its culture, DoD should designate it a core behavior in the Department**
  - SECDEF or DSD should author and issue direction to the field that states engagement in (and facilitation of) ideation / problem solving is a basic competency expected of all within DoD
  - This directional memo (or memos) should define desired behaviors for innovation and virtual consultancy, and clearly outline principles and behavioral norms for leaders, organizations / units, and individuals



# Recommendations: **Commit**

## RECOMMENDATION 2:

- **To signal institutional value and staying power to the field, DoD should explicitly integrate innovation / productive internal consultancy into its talent-management practices**
  - USD(P&R) should work with cross-functional Service offices to quantify, qualify, or otherwise rate individual behaviors and leadership actions in this area, and integrate such behaviors in Department and Service hiring, performance report, career growth, and promotion practices
  - SECDEF or DSD, along with other designated Department and Service senior leadership, should personally spotlight and recognize individuals / initiatives demonstrating innovation through virtual consultancy at every opportunity

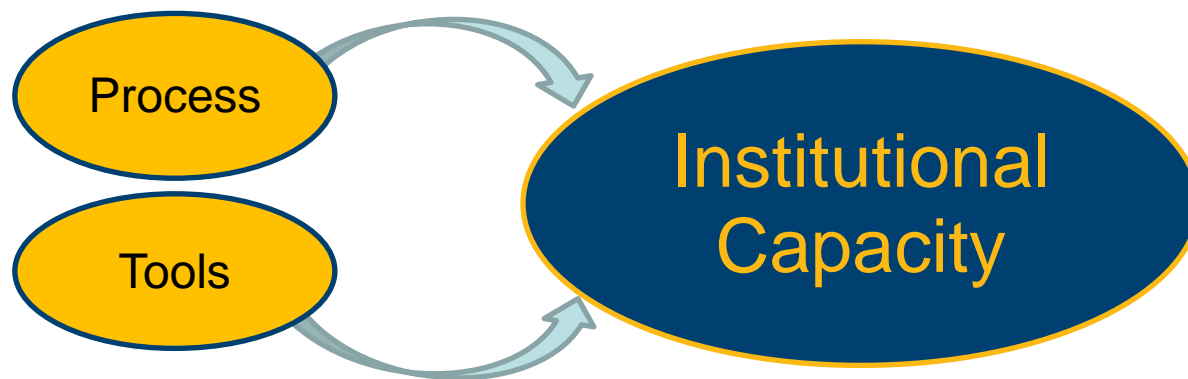
# Recommendations: **Commit**

## RECOMMENDATION 3:

- **To hold the Department and its leadership accountable, DoD should develop and implement an Innovation Scorecard to measure progress**
  - USD(P&R) should work with cross-functional Service offices to identify simple, meaningful criteria to effectively measure desired innovation related behaviors and outcomes for leaders, organizations / units, and individuals

# Finding: Build Capacity

**FINDING:** The Task Group finds that while there are many successful working virtual consultancies within the DoD today, there is no DoD capacity to facilitate, link, support, and champion these efforts – or ideators – to harness their full potential. There is also no single, known resource to help kickoff new virtual consultancy initiatives.



No one size fits all; organizations must be free to experiment, try different things, and to fail (and then evolve) their own innovation initiatives.

DoD should not dictate or control this process, but needs a way to connect with existing efforts and innovators to provide “reachback support” – tools, best practices, a network, and a portal to leadership and external consultancies.

# Examples: Build Capacity

## Example 1: Industry

- Company acts as a matchmaker between risk-resistant organizations and fast-moving, disruptive startups
- Facilitates vertical, horizontal matrices / communities of practice

## Example 2: Industry

- Defined core competency, put together central leadership teams
- Decentralized execution, making training, coaching, etc. the responsibility of all

## Example 3: DoD affiliate

- Built / is demonstrating a specific capacity (and has compiled a valuable set of lessons-learned)...but no formal, cross-cutting way to share lessons / capacity with larger DoD audience (no way to scale up)

## Example 4: Industry (DoD consultant)

- Has cracked the code on fast, strategic virtual consultancy with an easy-to-use online interface and a complex but effective set of incentives
- Format, structure, facilitation by a small central office harnesses the power of a high-level crowd to solve complex problems

# Examples: Build Capacity

## Example 5: DoD (Service-wide initiative)

- Service-wide crowd-sourcing tool with three objectives: problem solving, employee engagement (allowing personnel to “be heard”; idea collection), and to leverage modern technology (connect, communicate, collaborate)

## Example 6: DoD (Service-wide initiative)

- Service re-tooled a set of stagnant efforts to incorporate lessons-learned
- Centrally funded / manned, created an easy online forum, and committed leadership, time, and focus to inspiring ideation, providing “fast feedback,” and coaching / facilitating iterative submissions

## Example 7: Unofficial DoD affiliate

- Started by young officer “expat” to harness the energy of Defense employees with creative energy and desire to contribute to DoD, but frustrated with the “system”
- Annual “un-conference” and local “TEDx” and “Shark Tank”-like events
- Use commonly-available, contemporary tech tools and word of mouth / network to create an organic, Defense-related incubator – put ideas in; members help you get to yes
- Provides young, energetic defense professionals access to diverse thought, ways to be heard, tools to be successful, and others’ lessons-learned



# Recommendation: **Build Capacity**

## RECOMMENDATION 4:

- To help build the Department's capacity for innovation through virtual consultancy, DoD should designate an entity to support and facilitate such efforts across the Department

### Alternatives:

- **Alternative 1 – status quo** (existing initiatives proceed; no OSD champion)
  - Provide DoD directive on innovation; encourage and highlight existing efforts, but do not create a facilitating / support function within OSD
- **Alternative 2 – centralized program** (subsume / manage existing efforts)
  - Create office within OSD to evaluate existing initiatives, choose best practices, then create and run a single OSD innovation program / virtual consultancy (in lieu of existing efforts)
- **Alternative 3 – OSD-level facilitator** (support, link, be a resource)
  - Designate an entity within OSD to provide reach-back support, faster access to DoD leadership, and to find and execute solutions to facilitate Service / functional efforts – a single virtual consultancy platform, responsive policy help, tools and resource advocacy, etc.)

# Recommendation: **Build Capacity**

	<b>Alt 1</b>  (Continue decentralized efforts, no OSD champion)	<b>Alt 2</b>  (Create a centralized, OSD-level program office)	<b>Alt 3</b>  (Designate an OSD entity to champion / support / facilitate innovation initiatives)
Make innovation / virtual consultancy an institutional core competency for DoD		✓	✓
Provide a centering function for Services to enable cross-pollination, ensure / facilitate measurable success		✓	✓
Provide a link between Service / functional efforts, OSD leadership (and offices), and external partners		✓	✓
Avoid adding bureaucracy	✓		✓
Amplify and empower existing successful efforts at innovation, virtual consultancy			✓

# Recommendation: **Build Capacity**

- **An office of *facilitation*:**

- Connotes a team that serves as a resource for advocacy, coordination, and capacity-building for innovation through virtual consultancy across the Department
- Is intended to encourage the self-organizing network of innovators already in DoD, and connect them both within and outside the Department
- Provides a best-practice toolbox of platforms, programs, training, policies, and communities
- Connects ideators / innovators and initiatives to senior DoD leadership, highlighting and rewarding desired behaviors

- **Vital to the implementation of this proposal will be to keep the office**

- Supportive in nature
- Appropriately and consistently resourced
- Led and manned by a diverse (and rotational) cross-section of proven innovators
- With direct access to DoD senior leadership

USD(P&R) should take the lead, working with Services' lead innovation offices to define appropriate method and level of facilitation.

# Recommendations Summary

**To leverage innovation through virtual consultancies, DOD should:**

- **COMMIT**

- Designate “innovation from within” a core behavior of the Department
- Explicitly integrate innovation through virtual consultancy into its talent-management practices
- Develop and implement an Innovation Scorecard to assess progress

- **BUILD CAPACITY**

- Designate an entity to facilitate – not control or dictate – innovation through virtual consultancy across the Department

# Way Ahead

- **The Task Group recognizes the level of thoughtful consideration and work inherent in carrying out these recommendations**
  - Defining behaviors, crafting and issuing appropriate direction
  - Defining roles and assigning leadership
  - Considering formal methods of career valuation, incentives, and measurable assessments
  - Chartering a facilitating entity at the DoD level, and building relationships, platforms, processes, and tools by which to facilitate
- **Rather than try to pre-form specific solutions to these issues, the Board proposes to continue to consult with the Department in the coming months to implement**

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# Final Thoughts

- The Task Group is confident that the DoD workforce is poised to contribute from “bottom up,” if effectively enabled and supported from the “top down”
- The Task Group notes that there is significant opportunity for development of its recommendations using existing models:
  - Examples of directive “culture change” – GE FastWorks; Air Force’s ICBM / nuclear Force Improvement Program; others
  - Virtual consultancy tools like Navy’s The Hatch, Air Force API, etc.
  - Proposals for a Defense Innovation Network through USD(P&R)’s Force of the Future
  - Collaboration and consultancy with existing programs, such as CSIS’s JSID, the Defense Entrepreneur’s Forum, and others within and outside the Department
- The Task Group notes that while this study addressed engaging the Department’s *internal* workforce, the natural next step for the Department is to combine its efforts to engage innovators *internally* and *externally*
  - In order to capitalize on the work of this DBB series on Innovative Cultures, we offer to remain engaged as needed with DoD to provide follow-on consult and assistance